

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING**

**Call to Order:** By **CHAIRMAN DAVE KASTEN**, on February 11, 2003 at 8:30 A.M., in Room 350 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Kasten, Chairman (R)  
Sen. Tom Zook, Vice Chairman (R)  
Rep. Christine Kaufmann (D)  
Sen. Jon Tester (D)  
Sen. Joseph (Joe) Tropila (D)  
Rep. John Witt (R)

**Members Excused:** Sen. Bob Keenan (R)

**Members Absent:** None.

**Staff Present:** Catherine Duncan, Legislative Branch  
Jane Hamman, OBPP  
CJ Johnson, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: HB 560, HB 12

Executive Action: None

**HEARING ON HB 560, HELENA COLLEGE OF TECHNOLOGY BONDS**

***{Tape: 1; Side: A; Approx. Time Counter: 0 - 10.7}***

**Sponsor:** REP. CHRISTINE KAUFMANN, HD 53, Helena

**Opening Statement by Sponsor:**

**REP. KAUFMANN** stated that HB 560 allows for the creation of State debt through the issuance of general obligation bonds. This bill will allow for the construction of a new Helena College of Technology classroom with those funds.

**REP. KAUFMANN** quoted Dave Gibson, Shop Teacher, Helena College of Technology (HCT), saying that this project will positively affect all of Montana. She explained that 92% of all graduates stay in Montana, 97% of students are placed in a job at the end of their program, and 80% of U.S. technical jobs are dependent on two-year college degrees.

**REP. KAUFMANN** stated that the obligation of State money is \$7.2 million. The bill allows for the sale of the current building on Roberts. The community needs to help with \$6 million. This arrangement will save present law base of \$100,000 because of the savings by HCT not having to pay rent on such buildings as the Ray Bjork Building and others. She explained that there will be no debt service until 2006 and they will occupy the new building in 2007.

***{Tape: 1; Side: A; Approx. Time Counter: 10.7 - 14.5}***

**Proponents:**

**SEN. MIKE COONEY, SD 26, Helena,** agreed that this is a very important project for the State of Montana, not just for Helena. He stated that the key to success is economic development, which is achieved through education. A two-year education responds to the immediate needs of businesses in Montana.

***{Tape: 1; Side: A; Approx. Time Counter: 14.5 - 30}***

**Steve Doyle, CEO/Dean of HCT,** distributed and went through his written remarks entitled, "Solutions for the Montana Economy: Investment in Two-Year Post-Secondary Education."

**EXHIBIT (j1h30a01)**

**Mary Moe, CEO/Dean, MSU-Great Falls College of Technology,** said they have partnerships with higher education in Havre and

Bozeman, as well as with the high schools and local agencies. She said one of the most important aspects of a college facility is that it is easy for students to use. Since Helena has a smaller, less-convenient facility, they have lost a lot of potential students.

***{Tape: 1; Side: B; Approx. Time Counter: 0 - 13}***

**Joe Clark, Student, UM-HCT**, talked about missing part of class because he was sitting at the railroad tracks while going from one campus to another between classes. It is also hard to contact teachers, since they are also at varying locations.

**Ellen Livers** distributed and read her written testimony in support of the Helena College of Technology.

**EXHIBIT(jlh30a02)**

**Kelly Walker, second-year nursing student at HCT**, also added her support for the program and told of the poor condition of the facilities on campus.

**Ron Paige, Philipsberg, Chairman, Granite County Branch of HCT**, teaches college courses to high school students. He talked about the great success that has been and the support they receive from HCT. He explained that they receive donations from their small town to help cover tuition. They also offer evening vo-tech classes.

**Bill McBride, Attorney in Helena**, also teaches business law classes at HCT and strongly supports the program.

***{Tape: 1; Side: B; Approx. Time Counter: 13 - 23.9}***

**Cathy Burwell, President/CEO of Helena Area Chamber of Commerce**, supports the bill and called HCT one of the city's greatest assets.

**Keith Noble, Student Representative and student of HCT**, asked for support for the College and betterment of the facility.

**Tim Burton, City Manager of Helena**, supports HB 560, and said that HCT is the City Commission's number one project.

**Jerry Lachenbruch** presented his written testimony also in support of HCT and HB 560.

**EXHIBIT(jlh30a03)**

**Shelley Haslip, former student, HCT**, said that being a graduate from HCT has enabled her to get a good job and make a good living. She strongly supports the program.

**Bob Langford, President, Granite County Economic Development Association**, said they have a partnership with HCT and support the school.

*{Tape: 1; Side: B; Approx. Time Counter: 23.9 - 30}*

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 3.6}*

**Sheldon Bartel, Executive Director, Gateway Economic Development Corporation**, also stands in support of HB 560.

**Tom Hoffman, Aeronautics Crew**, stated that from the perspective of a business owner, HCT is definitely an asset in training future employees. He supports HB 560.

**Terry Minnow, MEA/MFT**, supports HB 560.

**Anita Varone, Lewis and Clark County Commissioner, former student at HCT**, stated her support for HB 560. She said that HCT has been instrumental in the development of the firefighter training program and the Sabers computer program for the State.

*{Tape: 2; Side: A; Approx. Time Counter: 3.7 - 13}*

**Miranda Ripnak**, shared her story and stated her support for HCT.

**Jeff Downhauer, architectural business owner in Helena**, supports HCT and HB 560.

**Jim Harrington, President, Montana Hospital Association (MHA)**, gave two examples of people attending HCT now who are currently employed with MHA. Mr. Harrington belongs to the Governor's task force for businesses and supports HCT strongly.

*{Tape: 2; Side: A; Approx. Time Counter: 13 - 21}*

**Informational Witnesses:**

**Jim Whaley, Architecture and Engineering Division (A&E), DNRC**, explained that he has been the HCT project manager to design the new project. He said HCT has a great staff who have done well with the environment they have and deserve a better facility.

**Questions from Committee Members and Responses:**

**REP. WITT** asked if large corporations help with the funding, such as Caterpillar. **Steve Doyle** responded that the bill is written to be supported through local funding. It is a possible that the industries and corporations could help with funding. HCT does have partnerships with Ford Motor Company and Summit Aerospace Group. He explained that HCT has 1,100 students, with 740 FTE.

**CHAIRMAN KASTEN** asked how many nontraditional students attend HCT. **Steve Doyle** said that the average age is about 30, with only about 70 recent high school graduates.

**CHAIRMAN KASTEN** asked for the location of the building being sold and how much money the sale will bring in. **Steve Doyle** said that it is the Donaldson Campus, worth approximately \$6-7.5 million. **CHAIRMAN KASTEN** asked about the time frame for the sale. **Steve Doyle** said that the local school district and even private firms might be interested in purchasing the building.

**REP. WITT** asked about the bond funding. **Jim Whaley** said that most of the new building will be paid for by the sale of the property.

*{Tape: 2; Side: A; Approx. Time Counter: 21 - 30}*

**SEN. ZOOK** stated that in Miles City, the Community College is paid for by the taxpayers. He asked why Helena is different. **Steve Doyle** said that Montana is not in favor of a two-year system so they are not getting tax support. **SEN. ZOOK** asked, "If this is a capital project and a general obligation, why should Miles City be obligated to pay for theirs?"

**REP. KAUFMANN** explained that the situation is different for community colleges than it is for colleges of technology. **Jim Whaley** added that HCT is considered to be with the university system.

**CHAIRMAN KASTEN** asked what impact it have on the project if this bill doesn't go forward.

**Jim Whaley** said this bill allows the community to go forward and work with businesses and the county to get the funding match. If the bill doesn't pass, it will probably come back in two years.

**REP. WITT** said that Montana is struggling with maintenance of facilities already. He is concerned that communities will have to come forward to help with the projects. **Steven Doyle** agreed

that the funding in Montana is very inadequate. He said the tax structure needs to be changed; it is a decaying system.

**CHAIRMAN KASTEN** asked if the operation and maintenance cost of \$4.50 per square foot is standard. **Hugh Jenson, facility services, U of M**, said that it is consistent with current operating costs plus inflation. **Bill Johnson, University System**, said that of the operation and maintenance on the Helena campus, 2/3 comes from State and 1/3 is from tuition.

*{Tape: 2; Side: B; Approx. Time Counter: 0 - 12.8}*

**Catherine Duncan** asked what the cost is for the deferred maintenance on buildings at this time. She asked if there was going to be a reduction in maintenance costs. **Jim Whaley** said that as buildings get older, they deteriorate physically, but they also deteriorate functionally.

**CHAIRMAN KASTEN** asked Joe Clark what classes he is taking now at HCT. **Joe Clark** responded. **CHAIRMAN KASTEN** asked how many times he has to move in one day of class. **Joe Clark** responded that every class is on a different campus.

**CJ Johnson, subcommittee secretary**, also added her experience with traveling to classes at HCT.

**Joe Cottrill, Helena Airport Authority**, said that they own the ground and are willing to work with college to offer the land for the new campus. Mr. Cottrill said he is also the chairman of Hometown Helena. He explained that they all agree that the workforce needs to be technically trained; HCT is important in this area.

**Closing:**

**REP. KAUFMANN** closed the hearing on the project.

**SEN. ZOOK** said that the Bond Council will be meeting soon.

**CHAIRMAN KASTEN** closed the hearing on HB 560.

**HEARING ON HB 12, STATE BUILDING ENERGY CONSERVATION  
PROGRAM (SBEP), DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ)**

*{Tape: 2; Side: B; Approx. Time Counter: 12.8 - 30}*

**Sponsor:** **REP. DAVE KASTEN, HD 99**

**Opening Statement by Sponsor:**

**REP. KASTEN** opened the hearing on HB 12. He explained that this is an energy conservation bill. Under this bill, the State can sell general obligation bonds to finance energy efficiency and conservation improvements in State facilities. The resulting savings cover debt service and all of the program costs.

**Proponents:**

**Tom Livers, Deputy Director, DEQ**, provided and went over his written testimony. He explained that this bill authorizes bonds for the State Building Energy Conservation Program. He also went through the bill section by section, as listed on the second page of Exhibit 4.

**EXHIBIT(jlh30a04)**

**Mr. Livers** said Page 3, Line 6 should read "Lewistown," not "Helena," and recommended an amendment prior to executive action.

**REP. WITT** asked if any money not used in the projects goes back into the long-range budget. **Tom Livers** said that each agency is allowed \$100,000; if they use \$70,000, then \$30,000 will go back into the debt service account. In the end, if there is more than needed, that surplus is transferred to the long-range building account.

**SEN. ZOOK** asked who does the design and analysis of the project. **Tom Livers** said that DEQ contracts out the more complex projects to private engineering firms and A&E does the design and construction management.

*{Tape: 3; Side: A; Approx. Time Counter: 0 - 10}*

**Tom Livers** distributed the handout on the projects included in HB 12.

**EXHIBIT(jlh30a05)**

**REP. WITT** asked if the projects turned over to the private sector are done by proposals. **Tom O'Connell, Administration of A&E**, explained that they have a consultant who makes the initial selection, and the construction is given to the lowest bid.

**Tom Livers** said that the projects for HB 12 are not set grant monies; they are contingent upon funding. Mr. Livers explained each project listed in Exhibit 5.

**SEN. ZOOK** asked what "shaving" is, as referred to in Exhibit 5. Mr. Livers responded that it is a load management strategy to take the "peak" off of the energy profile and to lower usage.

**CHAIRMAN KASTEN** asked if it is normal to pass ten-year bonds. **Tom Livers** agreed that they have always had ten-year bonds in the past, but this project would require a 15-year bond.

*{Tape: 3; Side: A; Approx. Time Counter: 10 - 18.2}*

**Tom Livers** continued going over Exhibit 5, discussing the first six projects on the sheet: 1) Mitchell Building, Department of Administration; 2) Spratt Building, Department of Health and Human Services; 3) Health Science Building, U of M - Missoula; 4) Montana Mental Health and Nursing Care Center, Department of Health and Human Services; 5) Men's Prison, Department of Correction; and 6) Department of Fish, Wildlife, and Parks, Kalispell and Missoula Headquarters.

**CHAIRMAN KASTEN** asked if the bond costs are included in the cost estimates. **Tom Livers** affirmed that they are. He said that the cost to do the studies is also included in the total. The federal government pays some of that cost, however.

**Jane Hammon** asked if they are closing the wing on the facility of the Montana Mental Health and Nursing Care Center. **Tom Livers** said they monitor the project if the long-term future of a facility is in doubt. **Jim Whaley** said they have closed one wing and are making it an "eight-to-five" facility instead of residential care.

**REP. KAUFMANN** asked if they can only spend what the projected savings will be. **Tom Livers** said they are limited, and have to cover their own costs; the aim is to recover cost in eight years.

**CHAIRMAN KASTEN** asked what it would do to the project if the wings are shut down. **Tom Livers** replied that improvements need to be done whether two wings are served or only one.

*{Tape: 3; Side: A; Approx. Time Counter: 19.3 - 24.9}*

**Tom Livers** finished with the first six projects listed on Exhibit 5 and said that the rest of the projects are a contingency list.

**REP. KAUFMANN** asked if DEQ could make the contingency improvements without the Committee's approval. **Mr. Livers** said there are provisions in the code that allow them to go forward.



**REP. KAUFMANN** asked why the DEQ needs to come before the Committee if the provisions already provide for the projects to be completed. **Tom Livers** explained that they could do that, but they need a ceiling on a \$20 million a year bond. It is a good system to go through the Committee.

**REP. WITT** asked how many people on the DEQ staff impact this program. **Tom Livers** answered that they use two FTEs. **Tom O'Connell** said they maybe use one FTE. **Tom Livers** added that those FTEs are primarily paid out of federal funds.

**Closing By Sponsor:**

**CHAIRMAN KASTEN** closed the hearing on HB 12.

***{Tape: 3; Side: A; Approx. Time Counter: 25 - 26}***

The Committee unanimously agreed that when they took executive action on HB 12, it would be with the following amendment.

**EXHIBIT(jlh30a06)**

**ADJOURNMENT**

Adjournment: 11:30 A.M.

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REP. DAVE KASTEN, Chairman

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CJ JOHNSON, Secretary

DK/CJ

**EXHIBIT** (j1h30aad)